

Message Text

LIMITED OFFICIAL USE

PAGE 01 NEW DE 12606 181529Z
ACTION NEA-10

INFO OCT-01 ISO-00 SAA-01 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 /112 W
-----030528 191123Z /13

R 181229Z AUG 78
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 3486

LIMITED OFFICIAL USE NEW DELHI 12606

E.O. 11652: NA
TAGS: ETRD, IN
SUBJECT: REPORTED 10 PERCENT PREFERENCE BY GOI FOR UK EQUIPMENT

1. URING RECENT MONTHS TRADE SOURCES HAVE ALLEGED THAT
A GOI POLICY EXISTS WHICH HAS EFFECT OF FAVORING
IMPORTS OF U.K. PRODUCTS OVER THOSE OF U.S. AND OTHER
COUNTRIES. ACCORDING TO THEM, UNDER THIS POLICY UK
PRODUCTS PURCHASED UNDER THE 1978 UK GRANT OF 142
MILLION ARE GIVEN A 10 PERCENT PREFERENCE WITH REGARD TO PRICE
OVER PRODUCTS FROM OTHER COUNTRIES. APPLICATION OF THE
10 PERCENT PRICE PREFERENCE, OF COURSE, CAN RESULT IN INDIAN
END-USERS PAYING UP TO 10 PERCENT MORE FOR ITEMS IMPORTED FROM
U.K. THAN THEY WOULD HAVE TO PAY FROM OTHER SOURCES.
IF AN INDIAN STATE IS THE IMPORTER, HOWEVER, THEN THE
GOI WILL FOOT 10 PERCENT PRICE DIFFERENTIAL.

2. REGARDLESS OF EFFECT ON INDIAN IMPORTERS, GOI 10 PERCENT
PREFERENCE IN FAVOR OF UK PRODUCTS INEVITABLY MUST
ADVERSELY AFFECT US EXPORTERS. IT HAS NOT BEEN
POSSIBLE TO QUANTIFY LOSSES TO US EXPORTERS AT THIS
TIME, BUT WE FEEL THESE COULD BE SERIOUS OVER TIME.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 NEW DE 12606 181529Z

3. ALTHOUGH THERE HAS BEEN NO ANNOUNCEMENT OF ANY KIND
REGARDING GOI INSTITUTION OF THE 10 PERCENT PREFERENCE IN
FAVOR OF UK GOODS, THIS GOI POLICY WAS INFORMALLY
CONFIRMED TO ECONOMIC COUNSELOR BY SENIOR MIN FINANCE
OFFICIAL DURING A RECENT CONVERSATION. THE 10 PERCENT
PREFERENCE FOR UK PRODUCTS STEMS, WE UNDERSTAND, FROM

GOI DESIRE (AND UK PRESSURE) TO USE UP 1978 GRANT OF 142 MILLION FOR PURCHASE OF UK PRODUCTS. OWING TO HIGH PRICES FOR FOR UK PRODUCT CATEGORIES, INDIAN END-USERS HAD NOT BEEN SELECTING ENOUGH UK PRODUCTS UNDER CONDITIONS OF FREE COMPETITION AGAINST EXPORTERS FROM OTHER COUNTRIES.

4. ACCORDING TO SOURCE AT UK HIGH COMMISSION, PART OF JUSTIFICATION FOR RECENT DECISION BY UK TO GRANT "DEBT RELIEF" TO INDIA (BY CONVERTING SCHEDULED DEBT REPAYMENTS INTO RUPEE SUPPORT FOR DEVELOPMENT PROJECTS), WAS HOPE THAT OFFER OF RUPEE SUPPORT COULD BE USED AS SWEETENER FOR PROJECTS THAT AGREED TO USE UK EQUIPMENT.

5. AS THERE IS NO FORMAL PUBLICALLY ANNOUNCED POLICY ON THIS 10 PERCENT PREFERENCE, ONLY RECOURSE WE SEE IS INFORMAL APPROACH, EITHER IN SEPARATE BILATERAL TALKS, OR IN CONNECTION WITH BILATERAL DISCUSSIONS AT THE MTN. AS WE ANTICIPATE INDIANS WILL WANT TO DISCUSS U.S. PROTECTIONIST POLICIES (PARTICULARLY TEXTILES) WITH SECRETARY KREPS DURING HER VISIT HERE, GOI TRADE RESTRAINT POLICIES SUCH AS THIS MIGHT BE APPROPRIATE SUBJECT TO RAISE AT THAT TIME.
GOHEEN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE PROMOTION, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 18 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978NEWDE12606
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780340-0113
Format: TEL
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780849/aaaabojm.tel
Line Count: 85
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: fd61e360-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1695236
Secure: OPEN
Status: NATIVE
Subject: REPORTED 10 PERCENT PREFERENCE BY GOI FOR UK EQUIPMENT
TAGS: ETRD, IN
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/fd61e360-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014